

6-10-2006

TEAM EFFICACY IN NEW VENTURES (SUMMARY)

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Recommended Citation

Borchert, Patricia S. and Sapienza, Harry J. (2006) "TEAM EFFICACY IN NEW VENTURES (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 26: Iss. 14, Article 3.

Available at: <http://digitalknowledge.babson.edu/fer/vol26/iss14/3>

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SUMMARY

TEAM EFFICACY IN NEW VENTURES

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Principal Topic

Teams with greater levels of efficacy will be especially persistent in pursuing their goals. For a new venture management team, team efficacy may be particularly important, as persistence in the face of adversity is essential to meet the inevitable challenges and setbacks that occur during new venture creation. Whereas normally team efficacy is based on prior success together (Bandura, 1997), a new venture team has little history to serve as the sole or dominant basis of efficacy. Drawing from expectancy theory (Olson, Roese, & Zanna, 1996), we posit that in addition to current success of the team, previous new venture experience of team members enhances expectations of future success, thereby increasing team efficacy. Additionally, we hypothesize that the functional capabilities of the team are a stable force that can be drawn upon to meet future challenges, and therefore enhance team efficacy.

Method

We developed a web-based survey and solicited respondents via email from entrepreneurship email groups in 5 different cities. Our sample represents 74 firms that are less than 6 years old. Multiple-item scales were developed for current success of the team, previous experience of team members, and the functional capabilities of the team to gauge the independent contribution of each of these proposed antecedents on team efficacy.

Results and Implications

All three hypotheses were supported. Success of the current team, previous experience of team members, and functional capabilities all positively influenced team efficacy. Examining all three elements simultaneously allowed us to see that each had an independent effect, above and beyond the other two.

This study provides insight into the new venture creation process, particularly with respect to why some teams have more confidence in their future success than others. Our results provide evidence that past experience and cumulative functional skills have significant effects beyond how the team is doing. An additional implication of our results is that the skills and experience embodied in the team members contribute to beliefs of efficacy even if the future task needs of the team are uncertain. An extension of this research would be to evaluate whether higher levels of team efficacy influences the creation of high-performing new ventures.

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